DOCUMENT RESUME

ED 411 843 IR 056 670

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TITLE	New Directions in the Delivery of Business News.
PUB DATE	1996-00-00
NOTE	7p.; In: Online Information 96. Proceedings of the International Online Information Meeting (20th, Olympia 2, London, England, United Kingdom, December 3-5, 1996); see IR 056 631.
PUB TYPE	Reports - Descriptive (141) -- Speeches/Meeting Papers (150)
EDRS PRICE	MF01/PC01 Plus Postage.
DESCRIPTORS	*Business; Business Communication; Databases; Desktop Publishing; Foreign Countries; *Information Industry; Information Retrieval; *Information Services; News Media; *Online Systems; *Online Vendors; Organizations (Groups); World Wide Web
IDENTIFIERS	*Europe; *United States

ABSTRACT

After a period of slow growth, companies that provide business news to the manager's desktop PC are now among the most rapidly growing companies in the United States information industry. Well established companies such as Desktop Data and Individual, Inc. are now being joined by a number of new services and by enhanced versions of existing services, as well as services based entirely on World Wide Web technology. The provision of profiled business news services is one of the high growth sectors in the United States online market. Some of the leading US-owned vendors are profiled in this paper, as well as emerging service operators in Europe. Some of the issues influencing the rate of adoption of these services in Europe are discussed, including database content; profiling procedures; delivery platform; pricing and billing; and marketing. (Author/AEF)

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ED 411 843

New directions in the delivery of business news

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Abstract: *The provision of profiled business news services is one of the high growth sectors in the US online market. Some of the leading US-owned vendors are profiled, as well as emerging service operators in Europe. Some of the issues influencing the rate of adoption of these services in Europe are discussed, including database content, profiling procedures, billing and marketing.*

1. Introduction

After a period of quite slow growth companies that provide business news to the manager's desktop PC are now amongst the most rapidly growing companies in the US information industry. Well established companies such as Desktop Data and Individual Inc. are now being joined by a number of new services and by enhanced versions of existing services, as well as services based entirely on WWW technology. The objective of this paper is to look at the trends in this sector of the information market, and in particular to look at the market prospects in the UK and the rest of Europe. It is not intended to provide detailed information on all the services currently available.

2. The market for news

In order to give some indication of the demand for news it is interesting to look at the circulation details of newspapers throughout Europe. In Table 1 (overleaf) the first column gives the number of WWW pages, the second column the number of WWW pages per head of population, and the third column the readership of national and regional newspapers per 1000 head of population.

Although the European market for business news services is still in its infancy, this table might indicate the fact that the Scandinavian countries could be early adopters of business news services; and indeed one of the pioneer services, Esmerk, is a Finnish company.

Even in the USA the current market for profiled news services is quite small, perhaps around $50 million, and our research in the UK would put the market at the level of $15 million. To date the penetration of these services in the rest of Europe has been very low, with Desktop Data for example reporting only 40 sites in Europe in early 1996.

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Table 1

Country	WWW pages	W/p	Readers/1000p
Luxembourg	30,000	13	N/A
Finland	231,000	22	1860
Sweden	313,000	28	1658
Netherlands	298,000	51	1055
Denmark	89,000	59	1056
Austria	115,000	69	1011
Ireland	50,000	71	944
UK	535,000	109	1143
Belgium	89,000	117	748
Germany	564,000	144	971
Italy	251,000	227	477
France	237,000	240	802
Portugal	40,000	242	732
Spain	101,000	384	587
Greece	NA	NA	401

The information on WWW pages is taken from Wired, June 1996, and the newspaper circulation information is derived from a number of industry sources.

3. Market segmentation

Within the broad sector of business news services there are a wide range of services providing access to business news. These include:

- services providing the full text of press releases, notably PR Newswire;
- full-text retrieval services offering archival retrieval of newspapers and other business news sources, but usually with some delay in making the material available, such as NEXIS;
- general newswire services, for example Associated Press and Reuters;
- profiled news services, such as First! from Individual Inc.

The market sector attracting most attention is currently that for customised news services, in which users are able to select, using a range of profiling approaches, only those news stories of direct relevance to them. This profile is run against new stories on a regular basis, often twice a day. Among the benefits that these services seek to offer are:

- eliminating the need for a user to scan through a multiplicity of sources;
- providing information from multiple sources in a common format;
- delivering the content on a timely basis;
- providing summaries of news items;
- providing interfaces for internal transmission of information through an intranet;
- providing archival retrieval as well as current awareness.

Some of these act only as integrators of newsfeeds and provide fairly limited profiling, whereas others provide very substantial levels of editing and indexing, and this is of course reflected in the subscription price.

4. Two pioneers

The two companies that were arguably the first into this market sector were Desktop Data and Individual Inc., both of which were set up in 1988 but did not really emerge onto the market until 1990. The approaches taken by these two companies are very different. Desktop Data's principal product is NewsEDGE, which delivers an

integrated news service based on some 600 sources onto a LAN server on the subscribers premises. One of the attractions of the pricing of the service is that the cost per subscriber decreases substantially as the number of subscribers increases.

Individual Inc. adopted the content analysis methodology developed by the late Gerry Salton at Cornell University. SMART, System for the Manipulation and Retrieval of Text, is a highly sophisticated content-sensitive software suite which can be 'tuned' to improve the relevancy of the profiles as the needs of the user change. First! is a corporate subscription service but over the last two years the company has launched a number of complementary services (HeadsUp, NewsPage and iNews) which are targeted at the smaller company, or the individual subscriber in a larger company, and which provide summaries (usually a few lines in length) of news items. The company offers a wide range of delivery channels, the most popular being fax, e-mail and Lotus Notes/Microsoft Exchange. In 1995 65% of delivery was through e-mail, though the balance is now changing in favour of intranet delivery.

Although both these companies are growing very rapidly in terms of revenues, profits are still a long way off. For example revenues for the first quarter of 1996 for Individual Inc. were just over $5 million, a 46% increase on the same period in 1995. However the company had a net loss of $2.5 million for the quarter, compared to $1.7 million for first quarter of 1995. The company had an Initial Public Offering in March 1996 which realised over $35 million, and one of the minority shareholders is Microsoft, so the company does not need to be too concerned about its losses just yet.

5. Other business news services

There are many other companies offering business news services with some degree of profiling. In the USA Dow Jones has recently relaunched its Dow Jones News/Retrieval service, though using a Windows interface rather than adopting a WWW browser. In the UK both the *Financial Times* and Reuters are offering profiled services. The FT launched FT Discovery at the end of 1995 in order to be competitive with Reuters Business Briefing and Business Alert. Neither of these services has a WWW interface at present. Reuters has a very wide range of sources and very considerable technical and journalistic resources, and can play a waiting game as some of the new players enter the market.

One of these is MAID, which provides an intuitive interface for its Profound service and which has embraced Internet delivery in a very comprehensive fashion. One of the puzzles for companies in this sector is how to take advantage of Internet/intranet delivery technologies without having to rebuild their existing user interfaces. The Hoover service developed by Sandpoint has been purchased by Information Access Corp., which has a very wide range of business information sources and will no doubt be continuing to invest in the service.

One of the interesting new entrants to the US market is IBM, with infoSage. This offers very comprehensive profiling capabilities and was well received at its launch in early 1996. IBM has the infrastructure to bring the service to Europe but there has to be a concern about the level of commitment of the company to the provision of information services. As well as infoSage IBM offers infoMarket and the Lotus Newsstand services. Just how all these services will be positioned with respect to each other and the marketplace remains to be seen.

6. NewsEyeQ

The NewsEyeQ service, launched in May 1996 in the UK by News International, deserves particular attention. The technology is based on the EyeQ profiler developed by Data Times in the USA (and NewsEyeQ is a joint venture between News International and Data Times), together with Personal Library Software as the retrieval software. The investment that News International has put into the service is very substantial, with a very strong field sales team. This is the first service of its type in the UK to adopt a pay-per-view pricing model, and it will be very interesting to see how this approach works. In the UK market the main competition will come from FT Discovery and Reuters Business Briefing, as well as MAID, but neither of these currently offers pay-per-view pricing or permits credit card billing of the monthly subscription.

7. Broadcast news services

Another fast developing area of business news delivery is that of the provision of television news on a 24 hour basis. This was pioneered by CNN but there are two important new services due to be launched in 1996. Microsoft and NBC have set up a joint venture into which they are proposing to invest $620 million over the next five years. Initially this will be broadcast television, but an extension into interactive news services is also proposed. As has been mentioned above, Microsoft has a stake in Individual and may be using this as a means of developing search and profiling techniques for the new service.

News Corporation, the parent of News International, is also moving into this sector in the USA based on the Fox Television network, and is marketing this very aggressively to cable operators.

The importance of these services is twofold. First they will raise the visibility and importance of business news. However, possibly more important is the possibility of using the technology developed by Intel to link a teletext-

type signal broadcast with the news stories to link into WWW sites. In a similar approach LEXIS/NEXIS is working with CNN on a link with the daily CNN broadcasts to provide research support on stories cited in the broadcasts.

8. Market development issues

The basic commercial issue is how to be able to deliver highly relevant news at a price that represents value for money. With most other online services the decisions on relevance are left to the end user, and because each search will probably be for a different subject it is not easy for a user to judge how good the service is at finding relevant articles.

The situation is very different with profiled news services. Each day, or even several times a day, the user will look at the results of the profiling process and be able to judge quite easily which of the (typically) twenty stories delivered that day are in fact relevant and timely. The user will also be reading newspapers and industry journals, and be talking to colleagues and customers, and does not want to be in the position of missing an important news item. Keeping the subscribers satisfied in this market sector is going to remain a very considerable challenge and will entail continuing attention to content, profiling, delivery platform and pricing. The marketing challenges are also considerable.

9. Content

Judging these services on content is also a considerable challenge to subscribers. Some of the services, such as Reuters Business Briefing, have over 4000 sources but many of these are taken from other news services such as Information Access Corporation. As a result the rate at which the service is updated is often difficult to ascertain other than for feeds from daily newspapers. Some newspaper publishers are also (not surprisingly) protective as to through which services they will allow their feeds to be accessed. For example, NewsEyeQ does not have the *Financial Times* — a result probably of the ownership of NewsEyeQ by News International, a major competitor of the FT. A good example of the complexities of the current situation is given by Associated Press which has four newswire feeds, including AP Online. At present these are available through eight distributors, but in some cases there is a time embargo and in others the material is rewritten.

For US services important decisions have to be made about extending the coverage of their services towards European news. There are a number of issues here. The first is one of language, not only because their current subscribers are unlikely to want to read *Le Monde* in French but also because of the need to adapt their profiling procedures. As any visitor from Europe to the USA will know, the level of coverage of non-US events (especially where there is no US interest, such as the 'beef scare') is small, so adding a substantial amount of even English-language European content is unlikely to be a major selling point with US customers.

The second is the wide range of viewpoints that European newspapers give their readers. This is especially the case in the UK, where it is important to read the slant to a story as reported by the *Financial Times*, the *Times* and the European edition of the *Wall Street Journal*. Should the stories be de-duplicated? Related to this is the fact that a number of journals, with *Business Week* and the WSJ being good examples, have US and international editions which have different stories, sometimes in differently-dated issues.

10. Profiling

Once the content parameters have been established the profiling needs to match both the content and the needs of users. This is where differences in the use of English across the Atlantic start to be significant. Gas and petrol are but one example. In an online search the database provider may well have built a list of synonyms and/or the users may themselves be aware of the problem when constructing the search request. If using preset topics as the basis for the profiling then a good understanding of the scope of the topic heading is essential. This in fact may be difficult with some of the complex profiling routines. Although inspection of the results of the profiling can help to remove unwanted articles, it is difficult to recognise what is not present and should be!

Just providing 'see also' links is only part of the problem. Topic lists generated by US companies are often structurally unable to cope with concepts such as governmental structures in Europe. There is also evidence of a significant lack of basic awareness of European industry. On one list of topics (the company must remain confidential), under European Airlines there was an entry for Air UK but not for KLM, SAS or Lufthansa.

11. Delivery platform

The objective of all news services is to ensure that as many managers as possible in a company have access to their services. In this respect the services are reaching what might be regarded as the 'ultimate end user' who may use no other online services. Both Desktop Data and Reuters Business Alert developed LAN server architectures to achieve this objective but now the range of intranet options is increasing rapidly. The technical issues of supporting both HTML and proprietary platforms (such as Lotus Notes and Microsoft Exchange) are less of an

issue than controlling the onward redistribution of the material in the organisation, and making the appropriate royalty arrangements with the content provider.

12. Pricing

The pricing options at present range from very expensive to free. Moreover most of the suppliers (with the notable exception of MAID) have such complex pricing strategies that making cost comparisons between suppliers is very difficult, if not totally impossible. The formulas are usually based on the number of users, the number of profiles and the number of articles provided, as well as possible additional costs for the delivery of the full text of the article where initially only a summary has been provided.

Giving indications of the typical expenditures by companies on the high-end services such as those from Desktop Data and Individual is always going to be misleading, but expenditures in the range of $15,000 to $20,000 are not unusual. The way in which Desktop Data prices its service is especially interesting. The formula is designed to make it very attractive to corporate clients to increase the number of individual users, in order to bring the cost-per-subscriber down substantially. For example a news service can be provided to 5000 users on one server for $0.15 per day, though this represents an annual expenditure of over $150,000.

At the other end of the pricing spectrum is Pointcast, an innovative WWW-based service which provides a business news service free of charge, as the service is supported by advertising and sponsorship. With WWW services it is possible to link together complementary services so that more detail on a particular topic can be gained from other databases, with the database owner paying a fee for the link. This form of sponsored service is still a novel one, though the Health Online Service developed in Germany by Burda uses a similar approach.

Of course there are many newspapers providing full text access over the WWW. Some of these tried to move from a free service to a charged service, but with very little success, and most of these sites are now seen as advertising for the printed newspaper. The majority of these sites now require some form of registration, which enables the site owner to develop a mailing list based on readership, something that cannot be obtained through the extensive distribution through newsagents in the UK. The situation in some other European countries is different as there is a substantial subscription-based circulation.

In between these two approaches are the pay-per-view strategies, with a small monthly subscription and a payment per hit or per document that is related to the level of the monthly subscription and the type of document retrieved. This model is being pioneered in the UK by NewsEyeQ, which is also accepting credit/charge card payments in an attempt to attract users that see the annual contracts and high subscription levels of other services as a significant barrier to adoption. Of course this is not just a UK approach, as the model has been used very successfully by Individual Inc. with its HeadsUp service in the USA, though these pay-per-view options have yet to be introduced in Europe.

13. Credit card billing

One of the reasons for this may be the very different attitude of European companies to corporate credit cards, whether they are issued in the company name or are personal cards for which expenses are reimbursed by the company. From research carried out by TFPL it is clear that companies have very substantial reservations to having the monthly subscription fees charged directly to a card, as the paperwork audit to ensure that the expense is actually incurred on behalf of the company is quite considerable and reclaiming Value Added Tax is also very difficult. In this respect the UK is closer to the US attitude, but elsewhere in Europe card billing is a significant problem that has yet to be addressed by most suppliers.

14. Marketing and customer support

The costs of marketing profiling news services is high, as it takes guidance to create the profiles and there will be a continuing need, especially in the early stages of a subscription, for support in revising the profiles or adding to them as the service is adopted more widely in the organisation. This high cost of sale can be accommodated within the subscription levels of services such as Reuters Business Alert, but not for the services targeted at smaller companies or individuals. There is a substantial requirement for the services to develop user interfaces that facilitate the creation and evaluation of profiles, as well as providing solutions to the language problems referred to above.

15. Some future directions

There is no doubt that the business news market will develop rapidly over the next couple of years. It is likely that some of the service providers will start to work with organisations, such as trade associations, to provide members with customised news services. This will reduce the marketing costs and the branding of the organisation will be very important for smaller service providers.

These services may also act in a Trojan horse fashion for other information providers, as they will reach more widely within client organisations than more specialised services and raise the overall awareness of online services. There could be links, for example, that once a user has seen a company cited in a news story, clicking on the company could link the user in the Dun & Bradstreet database, for example.

For many years business information services have been a profitable niche market for a number of suppliers. With new competitors determined to expand the market through innovative product and marketing strategies, this is a sector that requires careful monitoring by both the information industry and information managers.

Acknowledgement

I am grateful to my colleague Mary Coyne for her assistance in the preparation of this paper.

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